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THE SITUATION IN CENTRAL AMERICA: PROCEDURES FOR THE ESTABLISHMENT OF A FIRM AND LASTING PEACE AND PROGRESS IN FASHIONING A REGION OF PEACE, FREEDOM, DEMOCRACY AND DEVELOPMENT

Report of the Secretary-General

I. INTRODUCTION

1. The present report is submitted pursuant to General Assembly resolution 49/137 of 19 December 1994. It covers developments relating to progress achieved by Central American countries in the areas of peace, freedom, democracy and development since my last report (A/49/489 and Corr.1) was submitted to the General Assembly on 7 October 1994.

2. The General Assembly has followed the efforts of the Central American countries to achieve a lasting peace and annually discussed the situation in Central America since 1982. A more direct involvement in the peace process was precipitated by the signing by the Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, on 7 August 1987, of the agreement known as Esquipulas II (A/42/521-S/19085, annex). The five Central American Presidents undertook to initiate processes of democratization and national dialogue in their countries, to bring about cease-fires and promote free and fair elections. In February 1989, the Presidents, gathered at a summit meeting in El Salvador, called upon the United Nations to become involved in the verification of these agreements. Since that time the Organization has encouraged the Central American countries in the steps taken to consolidate their progress towards peace, freedom, democracy and development.

3. Two important peace-keeping missions have been carried out in Central America under the authority of the Security Council: the United Nations Observer Group in Central America (ONUCA) (November 1989-January 1992) and the United Nations Observer Mission in El Salvador (ONUSAL) (July 1991-April 1995), one of the most comprehensive efforts ever undertaken by the United Nations.

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For its part, the General Assembly authorized the United Nations Observer Mission to Verify the Electoral Process in Nicaragua (ONUVEN) (August 1989-April 1990) and, on 19 September 1994, adopted resolution 48/267, establishing the United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA). Further to the completion of the mandate of ONUSAL, a smaller Mission of the United Nations in El Salvador (MINUSAL) was instituted for an initial six-month period from 1 May 1995. In addition, most programmes and agencies of the United Nations system are currently providing technical assistance to Central America within country programmes or regional frameworks.

4. In addition to reports of the Secretary-General on the missions currently in the field in El Salvador and Guatemala, at its fiftieth session the General Assembly will consider a number of reports on the region. These include those on international assistance for the rehabilitation and reconstruction of Nicaragua: aftermath of the war and natural disasters; on assistance for the reconstruction and development of El Salvador; and on international assistance to and cooperation with the Alliance for Sustainable Development. A report prepared in response to a request by Nicaragua during the forty-ninth session of the General Assembly will also be submitted on support by the United Nations system of the efforts of Governments to promote and consolidate new or restored democracies.

5. The current report, like my past reports on the situation in Central America, concentrates on the five signatories to the Esquipulas process. However, in accordance with the new Central American agenda and the composition of Central American summit meetings, reference is also made to the situation in Panama.

II. THE CENTRAL AMERICAN PROCESS

6. The mid-1990s see the Central American region at a turning-point. With the important exception of Guatemala, where the negotiation process offers the hope for a mediated solution to the region's longest-lasting conflict, the civil wars of the 1980s lie in the past. What remains, as the Central American Presidents declared during their sixteenth summit meeting, held at Cerro Verde, El Salvador, from 29 to 31 March 1995, is "the urgent need to strengthen the peace processes in Central America and thus to guarantee the stability and security which are essential to consolidation of the democratic order and the economic and social development of our peoples" (A/49/901-S/1995/396, annex I).

7. In a visit I made to Honduras, El Salvador and Guatemala from 1 to 3 April 1995, I was able to confirm that countries throughout the region are making efforts to convert the improved prospects for the goals of peace, democratization, reconciliation, development and justice reiterated by their Governments into a reality. Democratically elected Governments have shown themselves to be stable even in the face of internal difficulties. Particularly notable in this respect is the case of Nicaragua, which emerged from months of dispute over constitutional reform with an agreement between its executive and legislative branches that greatly enhances the prospects for the country's governability in the run-up to the elections of September and November 1996 and

beyond. In El Salvador the Government committed itself to "Development: the new name of peace" in its signing on 31 May 1995 of the Pact of San Andrés. A positive development in the Guatemalan process emerged in the context of the Central American Parliament (PARLACEN)'s IV Conference of Political Parties, held in Panama, where, on 22 August 1995, the Unidad Revolucionaria Nacional Guatemalteca (URNG) signed the Contadora Declaration with the Government Peace Commission (COPAZ) and representatives of political parties. The URNG undertook to accept a unilateral cease-fire during the electoral period (1-13 November 1995), while the parties agreed that any new Government emerging from the elections will respect negotiated agreements reached between the URNG and the present Government. In Costa Rica a damaging conflict between the Government and the opposition, with its origins in differences over a programme of reforms, was defused by a pact agreed between the two parties in June 1995.

8. Democratic institutions have been strengthened as security concerns engendered by armed conflicts recede into the past and are replaced by efforts to bring military and public security bodies under the control of the civilian authorities. National councils for human rights in El Salvador, Guatemala and Honduras have consolidated their presence within their respective countries, while non-governmental organizations continue to press for vigilance and accountability in this area. A major advance was achieved in El Salvador when on 1 January 1995, following the final dissolution of the National Police, the peace-mandated National Civil Police assumed sole responsibility for that country's public security. In Honduras important steps have been taken in the transfer of the administration of public security from military to civilian control and in the replacing of mandatory military service with a system of voluntary enlistment. However, throughout the region, the economic and social conditions experienced by a large proportion of the population have combined with difficulties in the process of reintegration of former combatants and those displaced by conflict to contribute to a dramatic increase in common criminality.

9. An increased assertiveness of civil society has generated a new and more diversified political process throughout Central America. The number and vigour of issue-oriented organizations and professional associations have provided new channels for political participation, most clearly demonstrated by the role played by the Assembly of Civil Society within the Guatemalan peace process. This active participation was acknowledged by the Central American Presidents during the International Conference on Peace and Development in Central America, held at Tegucigalpa on 24 and 25 October 1994. At that meeting the Presidents declared that they would encourage dialogue between the Governments, civil society, regional institutions and the international community. They also undertook to make every effort to facilitate consolidation of the various forms of organization of civil society (A/49/639-S/1994/1247, annexes I and II).

10. Macroeconomic stabilization within the region has largely been maintained, although the Economic Commission for Latin America and the Caribbean (ECLAC) reports mixed performances in individual economies, with a likely effect of destabilization in the short term. El Salvador, with its economy still buoyed up by remittances from abroad, experienced the highest growth rate (6 per cent), while keeping inflation in single figures. Guatemala too experienced constant growth, although it suffered from a rising fiscal deficit and exchange rate

appreciation. In the run-up to the profound changes in the Panamanian economy likely to occur with the implementation of the Panama Canal Treaties at the end of 1999, the country's growth slowed from 5.4 per cent to 4.7 per cent. Nicaragua, meanwhile, experienced a positive growth rate (3.2 per cent) for the first time since 1990, while keeping inflation on a downward path and reducing trade and current account deficits. Fiscal crises hit Honduras and Costa Rica, which both experienced fiscal deficits of 8 per cent of GDP and rises in inflation.

11. The pursuit of policies necessary for macroeconomic stabilization, liberalization of the economy and modernization of the State has been accompanied by a decline in social conditions across much of the region that only increased investment in this area can hope to redress. As the Central American Presidents themselves recognized in their "Declaration of San Salvador II" (A/49/901-S/1995/396, annex V), widespread unemployment, social deterioration and poverty are problems that require their most urgent attention. That outbursts of social unrest have not been more frequent can be attributed to the high level of political organization manifest throughout the region. However, indications of the potential for social conflict over the issue of structural reform were given by large-scale strike action taken by workers in El Salvador, Panama and Costa Rica during the months of July and August 1995. In El Salvador strikes called by public sector workers protested the Government's tax adjustment policies. A 10-day strike in Panama in reaction to new labour legislation led to riots in which 400 protesters were detained and four persons killed. In Costa Rica a teachers' strike in its fourth week brought as many as 150,000 government workers into the streets in the biggest anti-government protests in years before it was successfully resolved.

12. The Central American process has come a long way since the five signatories to the Esquipulas II commitments first established the "Procedure for a Firm and Lasting Peace in Central America". It has become clear that for peace to be firm and lasting, it must maintain an interrelationship with freedom, democracy and development. The challenge ahead is a great one, precisely because, as the Central American Presidents expressed during their sixteenth summit meeting: "the necessary conditions exist in Central America for establishing a relationship of interdependence between an agenda for peace and an agenda for development, and ... with the support and efforts of international solidarity, the region can become a model of conflict resolution, consolidated by peace and democracy through comprehensive development and the adoption of political solutions" (A/49/901-S/1995/396, annex I).

Regional cooperation and integration

13. The reporting period has seen the consolidation of a new regional strategy, that of the Alliance for Sustainable Development, in which the importance of greater regional cooperation and integration is emphasized. The new course was set by the Declaration of Guácimo, adopted by the Central American Presidents on 20 August 1994 (A/49/340-S/1994/994, annex). Together with the documents signed during the Managua Environment Summit (12 October 1994) and the International Conference on Peace and Development at Tegucigalpa (24-25 October 1994), the Guácimo Declaration marked both a return to the principles laid out in the

Tegucigalpa Protocol of 13 December 1991 and the clarification of a major turning-point in the course taken by the region.

14. The Alliance for Sustainable Development, as established at the Managua meeting, is an ambitious and comprehensive initiative guided by the principles of "respect for life in all its forms; continuous improvement of the quality of life; respect for the vitality and diversity of our earth; peace; participatory democracy; the observance, promotion and protection of human rights; respect for the multicultural character and ethnic diversity of our peoples; economic integration within the region and with the world outside; and the responsibility of succeeding generations for sustainable development" (A/49/580-S/1994/1217, annex I). This strategy gave the participation of the Central American Presidents in the World Summit for Social Development, held at Copenhagen from 6 to 12 March 1995, a particular relevance. During a meeting at Copenhagen attended by government representatives and non-governmental organizations, the Presidents of Central America explained the principles upon which the Alliance was founded and outlined their hope that it would serve as a model for other regions. For their part, the Central American Presidents brought much of the Copenhagen agenda to their own sixteenth summit meeting, held a fortnight later. Attention at that summit was focused on collective efforts to reduce poverty in the isthmus through social integration, sustainable human development and, in particular, investment in human capital.

15. A distinctive feature of the region's efforts in the area of integration remains the constant dialogue maintained for the purposes of political and institutional cooperation. In addition to the major summit meetings mentioned above, which have proved themselves a flexible and effective format for high-level decision-making, the enhanced activities of the Central American Integration System (SICA) have ensured that regional meetings within the institutional and legal framework it establishes are a constant of Central American political life. SICA, which is based at San Salvador, has been further strengthened by the installation of its executive committee on 29 March 1995 and Costa Rica's ratification of the Tegucigalpa Protocol, thereby joining SICA, on 28 June 1995. Considering that it epitomizes the new regional situation of a more "open, stable and democratic Central America", SICA is seeking observer status in the General Assembly (A/50/146). In accordance with this renewed drive towards integration, other regional organizations, such as the Central American Parliament (PARLACEN), the Central American Bank for Economic Integration and the Central American Court of Justice, have also seen increased activity during the past year.

16. It is perhaps not surprising that economic integration is proving more difficult to secure than integration in other areas. Although the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), in consultation with ECLAC and other organizations, is working on a proposal for sustainable economic development, the potential for conflict between regional and individual priorities in this area is great. Costa Rica's bilateral free trade agreement with Mexico, for example, came into effect on 1 January 1995, in advance of any regional agreement. The region's response to the trade liberalization proposed by El Salvador in January 1995 was also illustrative of this point. Recommendations for the lowering of the existing common tariff ceiling and floor (20 per cent and 5 per cent respectively) were

moderated in response to reactions from neighbouring Governments and intense debate within El Salvador. The discussion of whether the whole region would accept standardized tariff rates was raised again during the sixteenth summit meeting. As the summit began the President of Costa Rica announced his intentions to raise tariffs temporarily by 8 percentage points as part of his effort to tackle the country's fiscal crisis. However, progress has been made in the integration of the three countries of the so-called "northern triangle": El Salvador, Guatemala and Honduras. In August 1995 they ratified the Guatemala Protocol to the General Treaty on Central American Integration with a view to increasing the potential of their subregional market.

17. The elaboration of an accord on regional security issues has been the subject of discussion at recent meetings of the Central American Security Commission, attended by the Deputy Ministers of Foreign Affairs, Defence and Public Security or Government. A proposed treaty would seek to define a security model that would make use of democratic institutions to find integral and peaceable solutions to the region's problems. A May 1995 planning meeting held by the region's Foreign Ministers in Honduras suggested the subject might be addressed during the seventeenth summit, scheduled to be held at San Pedro Sula, Honduras, in December 1995. These political developments reflect important changes within the region's armed forces. Panama has joined Costa Rica in abolishing its army; Nicaragua and El Salvador continue to make progress in the subordination of their armies to civilian rule, while the last year has seen Honduras and Guatemala address the issue more seriously than ever before. An indication of the shift within the region's military was given by the signing on 29 June 1995, by the Ministers of Defence and heads of the armed forces of Honduras, El Salvador and Nicaragua, under the auspices of PARLACEN, of a "Declaration for peace, democracy, development and integration in Central America". The three generals recognized the need to define a new model for regional defence respectful of human rights, the strengthening of the rule of law and the integral development of the human person and society.

18. Although not related directly to the Esquipulas process, progress in overcoming territorial disputes forms a vital part of any review of the status of regional cooperation and integration. While difficulties remain - in the issue of the land pockets (bolsones) along the border between Honduras and El Salvador (most of which were awarded to Honduras by the International Court of Justice on the border dispute in September 1992); in the demarcation of the waters of the Gulf of Fonseca, where Honduras, El Salvador and Nicaragua share fishing rights; and along sections of the border between Guatemala and Belize, where tensions rose in late August and early September 1995 - the countries concerned have consistently insisted on the need to settle their differences through dialogue. Discussions within the Binational Commissions of El Salvador and Honduras - one established to resolve remaining issues of border demarcation and the other to negotiate issues of dual nationality and property - have continued. In early September 1995 the two countries agreed to undertake the verification of property registration, examine issues of nationality and introduce a new system of monitoring borders designed to reduce tensions in the area.

Extraregional cooperation

19. The countries of Central America continue to stress the importance of the role played by the international community in promoting their peace, freedom, democracy and development. At a time of pressing demands for international assistance, they have insisted on the need for this support to be maintained if the progress made in recent years is to be consolidated.

20. A mechanism through which members of the international community gave direct encouragement to individual peace processes was first established for El Salvador. In that instance my predecessor gathered about him a Group of Friends made up of Colombia, Mexico, Venezuela and Spain, with the later addition of the United States. A similar mechanism is currently in place with respect to Guatemala, where the Group of Friends of the Guatemalan Peace Process is made up of the countries mentioned above, with the addition of Norway. The General Assembly has expressed its approval (in resolutions 48/161 and 49/137) of the initiative by the Government of Nicaragua by which friendly countries (Canada, Mexico, the Netherlands, Spain and Sweden) have formed a Support Group to follow Nicaragua's transition and to support internal consensus-building. The United Nations Development Programme (UNDP) serves as its technical secretariat. During the last year the Support Group has been particularly active in its encouragement of a resolution to the dispute over constitutional reform through dialogue; in its encouragement of the need to find a satisfactory solution to the complex issue of property; and its support for the formation of a national development strategy for Nicaragua. I have followed these activities with interest, and welcome the positive contribution that the Support Group is continuing to provide in the field of preventive diplomacy.

21. A major platform for discussion of cooperation amongst and trade between the countries of the Americas was provided by the Summit of the Americas, held at Miami, Florida, from 9 to 11 December 1994. This meeting, the first summit of its kind since the end of the Second World War, led to the commitment of all participants to work together, under the coordination of the Trade Unit of the Organization of American States (OAS), towards the establishment of a free trade area of the Americas by the year 2005. Discussions on this subject were continued in a follow-up meeting convened at Denver, Colorado, in early July 1995. Parallel discussions held at the summit between the Central American countries and the United States led to the agreement of CONCAUSA, a cooperation accord between the two parties by which the United States became the first extraregional associate of Central America's Alliance for Sustainable Development. It was established that CONCAUSA would receive the economic support of the United States and the Inter-American Development Bank (IADB) with an initial fund of $41.5 million. A further Statement of Intent for Sustainable Development Cooperation was signed with the United States on 9 June 1995 in San José, Costa Rica (A/50/366, annex).

22. Political dialogue and economic cooperation with the European Union was maintained through the eleventh annual meeting in the "San José Process" between the Foreign Ministers of the Central American countries, the European Union and the Group of Three (Colombia, Mexico and Venezuela) held at Panama City from 23 to 24 February 1995. The European Ministers welcomed the progress made during the decade of these meetings and encouraged the parties in the Guatemalan

conflict to reach a lasting peace accord as soon as was feasible. Concerned about their trade with the countries of the European Union, their Central American counterparts requested to have the preferential treatment accorded Central American agricultural exports under the Generalized System of Preferences extended for a further 10 years. However, amidst discussions of the need to reformulate the San José process, the European Union extended this preferential treatment only for a further year. It was noted that during its 10 years of cooperation with Central America, the European Union had provided over ECU 1,000 million in multilateral assistance, ECU 170 million in 1994.

23. The economic contribution of the international community to the peace processes in Central America was extended by commitments made during a series of Consultative Group meetings on Nicaragua, Guatemala and El Salvador organized by IADB and the International Bank for Reconstruction and Development and held in Paris from 19 to 22 June 1995. Representatives of the international financial institutions (IADB, the International Monetary Fund (IMF) and the World Bank) and donor countries committed $1,500 million to Nicaragua over the three-year period 1995-1997, on the condition of "the maintenance of stability and national unity". The funds will be primarily directed towards closing the gap in Nicaragua's balance of payments. Guatemala, like Nicaragua, received pledges of more funds than it expected. A delegation led by the country's President was offered a package totalling $553.2 million, of which $120 million were for projects already presented to donors and the remaining $433 million for sustaining the peace process. With regard to El Salvador, donors indicated they would commit an additional sum of approximately $50 million in support of the completion of the peace accords, a considerably lower sum than the $118 million sought by the Government. However, the total aid for the period 1995-1996 committed to El Salvador amounted to $1,300 million.

24. The ninth summit meeting of the Rio Group, at which Central America was represented by Nicaragua, took place at Quito, on 4 and 5 September 1995. In the Quito Declaration signed at its conclusion, the Rio Group of countries expressed their support of integration processes under way throughout Latin America and the Caribbean and reaffirmed their commitment to meet the deadline of 2005 set by the Miami Summit for the introduction of hemispheric free trade. As part of the Group's determination to combat the production, traffic and consumption of illicit drugs, a special meeting of the Group, to be held in Panama, was called for early 1996 in order to discuss the establishment of a centre in Panama to fight drug trafficking and related crimes within the region. The Central American Presidents will also participate in the fifth summit meeting of the heads of State of Ibero-American countries, which will take place in Bariloche, Argentina, on 16 and 17 October 1995.

25. The OAS has continued to contribute to the Central American process, even as it has assumed a leading role on trade issues throughout the Americas. Secretary-General César Gaviria, in particular, has demonstrated the organization's keen interest in the initiative of the Alliance for Sustainable Development through his presence at presidential summits. For their part, the Central American Presidents, during the twenty-fifth session of the General Assembly of the OAS, held in Haiti in June 1995, welcomed the "new vision" of the organization presented in response to the new needs and challenges facing the hemisphere. OAS cooperation with the region continues to be extended

through the Central American Mine-Clearance Programme, carried out in conjunction with the Inter-American Defence Board, as well as through the presence of the OAS International Support and Verification Commission in Nicaragua. The Commission's objectives are to verify observance of the rights and guarantees of those affected by Nicaragua's conflict, assist in their reintegration and support the strengthening of democratic institutions.

III. UNITED NATIONS

26. Since my last report to the General Assembly on the situation in Central America (A/49/489 and Corr.1), the United Nations has continued to support the countries of Central America in their efforts to consolidate peace, democracy and development within the mandates entrusted to the Secretary-General and the various programmes and agencies of the United Nations system. Under the authority conferred on me by the Security Council, I continued to undertake the verification and good offices mandate assigned to ONUSAL. Upon ONUSAL's departure from El Salvador the small mission MINUSAL was established to oversee the fulfilment of all the outstanding provisions of the 1992 peace agreements. Under the mandates of the General Assembly and the Security Council I have also continued to exercise my good offices in the search for a negotiated settlement of the civil conflict in Guatemala and have established a mission, MINUGUA, for the verification of a human rights agreement achieved through the process of negotiation. In addition to these specific missions, United Nations operational activities have been carried out within national and regional programmes.

United Nations in El Salvador

27. During the final months of its mandate I kept the Security Council regularly informed about the work of ONUSAL (S/1994/1212 of 31 October 1994 and S/1995/220 of 24 March 1995). I also conveyed to the Security Council the periodic reports of the Director of the Human Rights Division of ONUSAL to the General Assembly as annexes to my notes of 31 October 1994 and 18 April 1995 concerning his activities (A/49/585-S/1994/1220 and A/49/888-S/1995/281). Following the dissolution of ONUSAL, and in accordance with my undertaking in a letter to the President of the Security Council of 6 February 1995 (S/1995/143), I have ensured that the Security Council receives regular information concerning the operations of MINUSAL and developments in El Salvador.

28. The process initiated by the Peace Accords between the Government of El Salvador and the Frente Farabundo Martí para la Liberación Nacional has maintained its impetus and contributed to the country's progress from a violent and closed society towards one in which democratic order, the rule of law and respect for human rights are being consolidated. In this there is much for which the Government and people of El Salvador must be congratulated. However, the implementation of the outstanding elements of the Peace Accords has not been without problems, despite the parties' continuing expression of their determination to see the Peace Accords urgently fulfilled for the benefit of all Salvadorans. Difficulties developed and delays again occurred in a number of areas, including: the full deployment of the National Civil Police and the completion of the demobilization of the National Police; the reform of the

judicial and electoral systems; the transfer of land to former combatants; and the conclusion of reintegration programmes.

29. On 31 October 1994 I reported to the Security Council that I therefore deemed it necessary to recommend that the mandate of the United Nations Observer Mission to El Salvador (ONUSAL) be extended, at much reduced strength, until 30 April 1995. An acceleration in the outstanding areas of the agreements in the latter part of 1994 - including the long-delayed demobilization of the National Police on 31 December 1994 - was then followed by a period of relative stagnation in the early months of 1995, with delays in the land programme and the emergence of other worrying indicators.

30. In the light of these developments, in my letter of 6 February 1995, I informed the President of the Security Council of my intention to set up a small team of United Nations officials to provide good offices and verify implementation of the outstanding provisions of the peace agreements following the expiry of ONUSAL. On 27 April 1995, the parties to the Chapultepec peace agreements signed a Programme of Work for the completion of all outstanding areas of the Peace Accords. On the following day the Security Council adopted resolution 991 (1995), formally marking the end of the mandate of ONUSAL. The new Mission of the United Nations in El Salvador (MINUSAL) began its work as planned on 1 May 1995, led by Mr. Enrique ter Horst, my Special Representative. With its staff partly funded by voluntary contributions, MINUSAL represents a much reduced United Nations presence, but one that confirms the Organization's ongoing support of peace-building in El Salvador. In May 1995 I established the Trust Fund for MINUSAL in order to support the Mission's activities. I would like to take this opportunity to thank those countries that have already made contributions to this fund and encourage others to come forward to do so.

31. The Programme of Work had divided the remaining accords into six areas (public security, land transfer, human settlements, reintegration programmes, Fund for the Protection of the Wounded and Disabled and legislative reforms) and established dates by which specific provisions in each area must be completed. Monthly updates on its progress, which I circulated informally to members of the Security Council, have revealed the continuing determination of the parties to the peace agreements to bring them to completion. Progress has been made in all areas, with the Government's deposit of ratification of international human rights instruments with the Secretariats of the United Nations and the Organization of American States and its recognition of the jurisdiction of the Inter-American Court of Human Rights particularly to be welcomed. With a view to ensuring the consolidation and sustainability of the peace process, MINUSAL - as ONUSAL before it - has also cooperated closely with UNDP in the design of technical assistance programmes that will reinforce institution-building initiated within the peace agreements themselves.

32. This progress notwithstanding, it has become clear that significant delays have occurred in the land transfer programme (which reached the 60 per cent target set for 30 April 1995 only in the first week of July), in the design of a "special regime" for rural human settlements, in the strengthening of the National Civil Police (PNC) and in the approval of legislative reforms required to comply with the binding recommendations of the Commission on the Truth. Although the majority of the points detailed in the Programme of Work relating

to public security have been completed, a number of disquieting developments have arisen that could signal a reversal of the necessary process of institutional consolidation and a distortion of the vision of public security designed in the peace agreements. Of particular concern is the fact that the Police Career Law, indispensable for guaranteeing the professional and moral proficiency of the PNC, has, at the time of writing, yet to be approved.

33. For the above reasons, and with the Government of El Salvador and other signatories to the peace agreements in concurrence as to the necessity of a continued presence of MINUSAL, on 6 October 1995, I therefore informed the General Assembly of my decision to maintain MINUSAL in El Salvador for a further six months, until 30 April 1996. Given the progress in completing points identified within the Programme of Work, together with the imminent start-up of the technical assistance programmes, it has been possible to introduce a balanced reduction in the staffing of MINUSAL and a commensurate reduction in its budget.

The peace process in Guatemala

34. In my last report to the General Assembly on the situation in Central America, I informed Member States of progress made in the peace process between the Government of Guatemala and the Unidad Revolucionaria Nacional Guatemalteca (URNG) starting with the signing of the Framework Agreement on 10 January 1994 (A/48/61-S/1994/53). I told them about how negotiations had moved forward swiftly during the first half of 1994 and produced four successive agreements, prior to the establishment, in September 1994, of MINUGUA. Since that time, and as mandated by the General Assembly in its resolution 49/137 and resolutions 48/267 of 19 September 1994, 49/236 of 31 March 1995 and 49/236 B of 14 September 1995, I have continued to inform Member States on a regular basis about developments during the reporting period (A/49/825-S/1994/1453 of 28 December 1994; A/49/856 and Corr.1 of 1 March 1995; A/49/857-S/1995/168 of 1 March 1995; A/49/860 of 8 March 1995; A/49/879-S/1995/241 of 29 March 1995; A/49/882-S/1995/256 of 10 April 1995; A/49/929 of 29 June 1995; A/49/955 of 11 August 1995; and A/50/1 of 22 August 1995).

35. With a view to strengthening the ability of the Secretariat to carry out the numerous tasks entrusted to it within the Guatemalan peace process, in October 1994 I established the Guatemala Unit within the Department of Political Affairs. In addition to coordinating support to the negotiations and the activities of MINUGUA, the Guatemala Unit recently initiated preparatory work required for the establishment of the Clarification Commission, as requested by the parties in the Agreement on the Establishment of a Commission to Clarify Human Rights Violations and Acts of Violence that Caused the Guatemalan People to Suffer (A/48/954-S/1994/751, annex II). In order to support institution-building activities by MINUGUA as well as other activities relating to the peace process, on 1 March 1995 I established the Trust Fund for the Guatemala peace process. I wish to express my appreciation to those countries that have already made contributions and invite other Member States to provide similar support to the process. After my April 1995 visit to Guatemala, and in view of the heightened responsibilities conferred on the United Nations, I appointed Mr. Gilberto Schlittler as my Special Envoy for the Guatemala Peace Process with overall coordinating responsibility.

36. The negotiations on the item "Identity and rights of indigenous peoples", initiated on 20 October 1994, concluded with the signing of an agreement in Mexico City on 31 March 1995. As stressed by the General Assembly in its resolution 49/236 B, the agreement is an important step in the peace process and a landmark in the International Decade of the World's Indigenous People. Immediately after the signing of the Agreement on Identity and Rights of the Indigenous Peoples, representatives of the Assembly of Civil Society submitted to the delegations of the Government of Guatemala and the URNG, the consensus document on the next item of the negotiating agenda, namely "Socio-economic aspects and the agrarian situation". The negotiations on this item have been proceeding well, though at a slow pace, owing in particular to the complexity of the issues involved and the comprehensive approach adopted by the parties. As I informed the General Assembly (A/49/955), although the revised timetable agreed to in February 1995 has not been observed, the parties are showing the political will to move forward. The United Nations should, therefore, continue to lend them assistance with a view to the earliest conclusion of an agreement on a firm and lasting peace.

37. In the meantime, MINUGUA, the most tangible result of the negotiations so far, has consolidated its presence and intensified its activities in Guatemala. Since its formal inauguration on 21 November 1994, the Mission has deployed fully and opened eight regional offices and five suboffices. Reports by the Director of MINUGUA have been transmitted by me to the General Assembly on 1 March 1995 (A/49/856 and Corr.1) and 29 June 1995 (A/49/929). The reports describe the context in which MINUGUA is operating, the activities carried out by the Mission, including summaries of the cases considered, and conclusions and recommendations regarding the human rights situation in Guatemala. Taking into account these reports and based on my recommendations, the General Assembly extended the mandate of MINUGUA for further periods of six months on 31 March 1995 and 14 September 1995 (resolutions 49/236 and 49/236 B respectively). While compliance by the parties with their undertakings in the Comprehensive Agreement on Human Rights (A/48/928-S/1994/448, annex I) has shown some improvement, the overall human rights situation in Guatemala remains a source of much concern. I therefore stress the need for the parties to respond fully to the General Assembly's call in resolution 49/236 B for them to implement the recommendations contained in the first and second reports of the Director of MINUGUA.

38. I wish to stress that during the reporting period, international efforts in support of the peace process, encouraged by the General Assembly in paragraph 13 of resolution 49/137, have continued. In the context of the negotiations, the involvement of the United Nations system in an advisory capacity may be expected to facilitate future efforts in the consolidation of a firm and lasting peace. During the negotiations on "Identity and rights of indigenous peoples" and "Socio-economic aspects and the agrarian situation", valuable advice has been lent to the Secretariat by the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), Habitat, the United Nations Development Programme (UNDP), the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Office for Project Services (UNOPS), the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank (IADB).

39. Enhanced international cooperation is also taking place on the ground with respect to agreements already signed. With regard to human rights, a joint MINUGUA-UNDP unit has been created as a focal point for all institution-building projects arising from the Comprehensive Agreement on Human Rights and the Agreement on Identity and Rights of Indigenous Peoples. With respect to the Agreement on the Resettlement of Uprooted Population Groups, the United Nations system and donor countries are represented as observers in the Technical Commission created in August 1994 to implement preparatory aspects. Since June 1995, they are participating with the Government and representatives of the uprooted population within five specific committees on demining, documentation, social and economic development, land and land management.

40. On 12 November 1995 general elections will be held in Guatemala for the third time since the transition to civilian rule in 1985. In a new development, in March 1995, the URNG called for full participation of Guatemalans in the electoral process. The sectors of Guatemalan society that had not participated in elections for decades have nominated candidates for the first time. Considered alongside the commitments of the Contadora Declaration, mentioned in paragraph 7 above, and the appeals from all sectors of civil society for citizens to vote, the elections now offer a notable opportunity for Guatemalans to strengthen their democratic institutions. It is incumbent on all sectors of society to take full advantage of this opportunity and ensure that these elections will be free and fair. Within its broad mandate of human rights verification, MINUGUA will be focusing attention on the observance of political rights.

41. As noted above, positive developments have taken place during the reporting period. However, much remains to be done, both at the negotiating table and in the implementation of the agreements already in force. I have already pointed out the concerns of the Director of MINUGUA regarding the continuing high incidence of human rights abuses and the pervasive pattern of impunity. To be successful, the peace process requires the continued commitment of the Government of Guatemala, the URNG and broad sectors of Guatemalan society. With such support, I remain convinced that it can be an effective means to end a long conflict, to strengthen democratic structures and to promote changes that will prevent a recurrence of political violence and become the basis for a lasting peace.

United Nations operational activities

42. United Nations support to Central America through operational activities is comprehensive and diversified. It has sought, in particular, to facilitate the regional process. During the course of 1994, in compliance with resolution 45/231 and, as I reported in document A/49/534, the Special Plan of Economic Cooperation for Central America (PEC) and the International Conference on Central American Refugees (CIREFCA) both came to an end. During the forty-ninth session of the General Assembly I reported on the activities conducted under the Special Plan, together with requirements in terms of the resources and financial assistance indispensable to the continued implementation of priority programmes and projects favouring the peace and development process in the region (A/49/397). In resolution 49/21 I, the General Assembly emphasized the necessity of designing a new programme for international cooperation with

Central America, based on the principles established in the Declaration of Commitments adopted by the Follow-up Committee of CIREFCA, at a meeting held in Mexico City in June 1994, and the regional strategy contained within the Alliance for Sustainable Development. The resolution supported the efforts of the Central American Governments to alleviate extreme poverty and promote sustainable human development and urged them to intensify the implementation of programmes and projects to this end. It called upon the international community, and the United Nations system in particular, to continue the necessary support for the implementation of the goals and objectives for the new strategy for integral development in Central America.

43. At the national level, and at the request of the Governments concerned, the United Nations operational system has concentrated its efforts in the following areas: (a) poverty alleviation, with emphasis on the most vulnerable sectors, particularly with respect to health, housing, education, income-generating activities and social investment schemes; (b) economic reform and public sector policies and management; (c) emergency and development assistance aimed at the repatriation of refugees, and reintegration of demobilizing combatants, refugees and displaced people in the countries requiring such assistance; (d) governance and the strengthening of democratic institutions through support to electoral processes as well as the courts, parliaments and human rights ombudsmen; (e) environmental protection and promotion of sustainable development policies, legislation and practices; (f) population-related programmes; and (g) natural disaster prevention and rehabilitation. The Bretton Woods institutions, as I have stated in previous reports (A/48/586; A/49/489) have added emphasis to social concerns and the modernization of the State to their earlier concentration on macroeconomic stabilization through the initiation of programmes of structural adjustment.

44. Cooperation in the economic field, in addition to the ongoing policy dialogue carried out through ECLAC, has been provided in order to improve the region's ability to compete within the world economy. Areas of concentration continue to be agricultural development, industrial modernization, international trade negotiations, regional economic integration and regional integration institutions. Although the Protocol to the Treaty of Economic Integration was signed in October 1993, the need for increased attention to the economic sectoral policies and institutional reforms necessary for integration to advance is still evident.

45. In the area of social development, joint activities are being carried out by UNDP, the World Bank, the IADB, the World Health Organization (WHO) and the Pan American Health Organization. A continuing emphasis has been placed on the fight against poverty, the formulation of investment programmes and the provision of key basic services, notably in the fields of health, education and culture, nutrition and feeding. Efforts are centred around the objectives of the Alliance for Sustainable Development and, in an initiative formulated in response to the "Declaration of Commitments in favour of populations affected by uprootedness and by conflicts and extreme poverty in the framework of the consolidation of peace in Central America" mentioned above, the pursuit of sustainable human development at the local level.

46. On a national basis support groups, known as GRUCAN ("Grupos de Concertación y Apoyo a Nivel Nacional") have been established in Belize, Costa Rica, El Salvador and Nicaragua, with the participation of a wide range of actors: the national Government, the beneficiary population, national and international non-governmental organizations, as well as the United Nations system. Within the process of fulfilling the commitments undertaken by the CIREFCA follow-up committee, the experience of the Programme for Displaced Persons, Refugees and Returnees in Central America (PRODERE) has played an important role. The most extensive programme undertaken in Central America in this area, PRODERE's comprehensive human development strategy consisted of six national and two regional projects, financed largely by the Government of Italy. The Programme finished its operations on 31 July 1995.

47. The Culture of Peace Programme is a major initiative of UNESCO that responds to the call to the agencies for action in the fields of preventive diplomacy and peace-building. El Salvador has been the site of the pilot national programme, which aims at the reconstruction and reconciliation of Salvadorian society. With these goals in mind the Culture of Peace Programme has adopted an innovative policy of participation, dialogue, negotiation and concertation between the Government and civil society. Each programme project fosters confidence and trust between social actors who are not natural partners. Other national programmes are now under way in Guatemala and Nicaragua, but so far El Salvador has been the only country to establish (on 10 March 1995) a National Coordination Council (NCC), headed by the Minister of Education and made up of representatives of government organizations and those of civil society, which is responsible for the definition and follow-up of the major aspects of the Culture of Peace Programme.

IV. OBSERVATIONS

48. Central America addresses this key moment in its history with a number of assets: the prospect that, with the successful resolution of the peace negotiations in Guatemala, it may find itself without armed conflict for the first time in more than three decades; a new agenda of social, economic and other reforms contained within the Alliance for Sustainable Development; a dynamic institutional framework with which to seek to implement this agenda; and the support of the international community, honed into an active partnership and including the United Nations system itself, with which to do so. Together these assets place the countries of Central America in a favourable position from which to pursue economic growth, social justice and further democratization. However, the gravity of the challenges the region faces makes it abundantly clear that they will only be overcome if they are approached with the dedication and sense of urgency brought to bear on civil war and regional tensions in the past. As sincerely as I encourage the parties endeavouring to secure a negotiated resolution to the conflict in Guatemala to make every effort to provide the basis for a lasting peace in that country, I also urge the countries of Central America and the international community to remain fully engaged in

the consolidation of peace throughout the region. As Secretary-General, I am ready to continue to play the active role in this process entrusted to me by the General Assembly.